



PARKING WILL PLAY A ROLE IN ENHANCING GUEST EXPERIENCE AND PROVIDING NEW SOURCES OF HOTEL REVENUE

By Joshua Miller, Senior Vice President of Revenue Optimization, AHLA Premier Partner Towne Park

Parking plays a pivotal role in shaping guest experiences and satisfaction in the hotel industry. Parking services are the first and last touchpoint for guests and a reflection of a hotel's brand that can influence a guest's stay and repeat bookings.

Beyond convenience, an effective parking management program can be an important source of incremental hotel revenue. Unlike other sources of ancillary revenue, parking has an extremely high profit margin and can make a substantial impact on a hotel's earnings before interest, taxes, depreciation, and amortization (EBITDA).

The global parking management market is expected to reach \$12.9 billion by 2032, growing at a compound annual growth rate (CAGR) of 9.1% from 2023 to 2032, according to a market report by the Business Research Company.

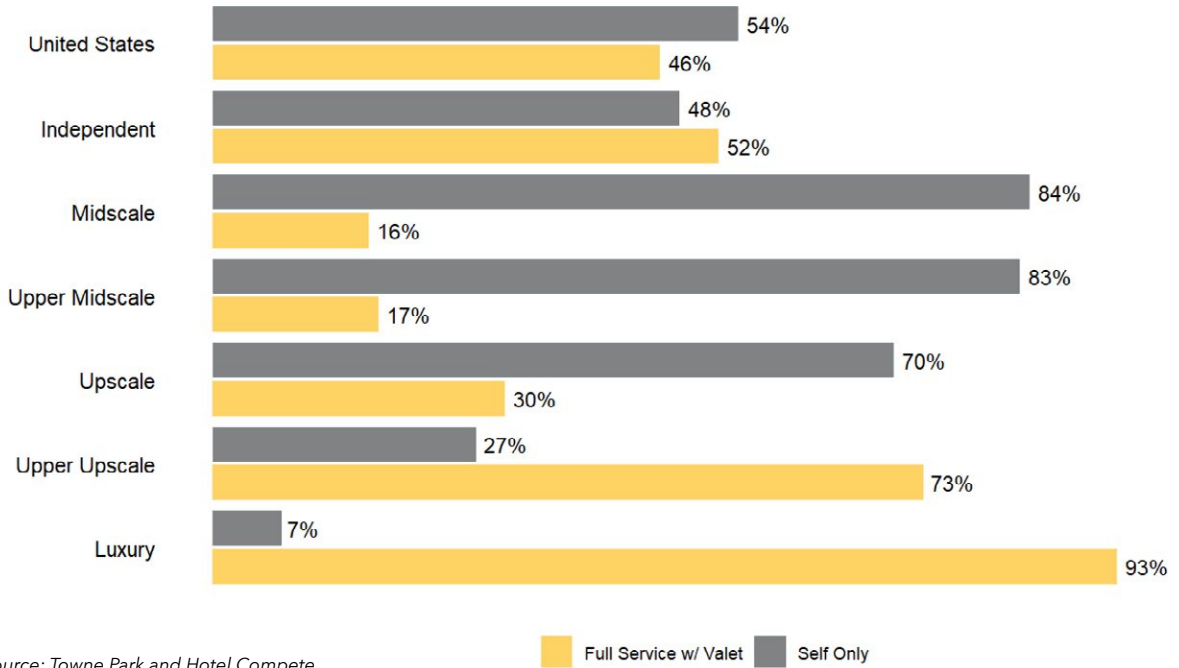
Among U.S. hotels that charge for parking, 54% currently use self-parking only while 46% offer full-service parking with valet, according to a Towne Park study conducted in partnership with AHLA Allied Member Hotel Compete. Hotel Compete conducts market research, data aggregation, and analysis and maintains an extensive database of property and operating data from more than 60,000 hotels in North America and more than 180,000 hotels worldwide.

Self-parking and valet both have distinct roles depending on hotel type and guest expectations. The parking study shows that 84% of midscale, 83% of upper-midscale, and 70% of upscale properties offer self-park only while 73% of upper-upscale and 93% of luxury hotels offer valet. Among independent hotels, 52% offer valet, and 48% offer self-park only. According to Towne Park's proprietary drive-in and valet capture data from actual company operations, guests across chain scales utilize a mix of both valet and self-parking options, although valet dominates, comprising 66% of independent, 80% of midscale, 85% of upper midscale, 80% of upscale, 71% of upper-upscale, and 80% of luxury hotels.

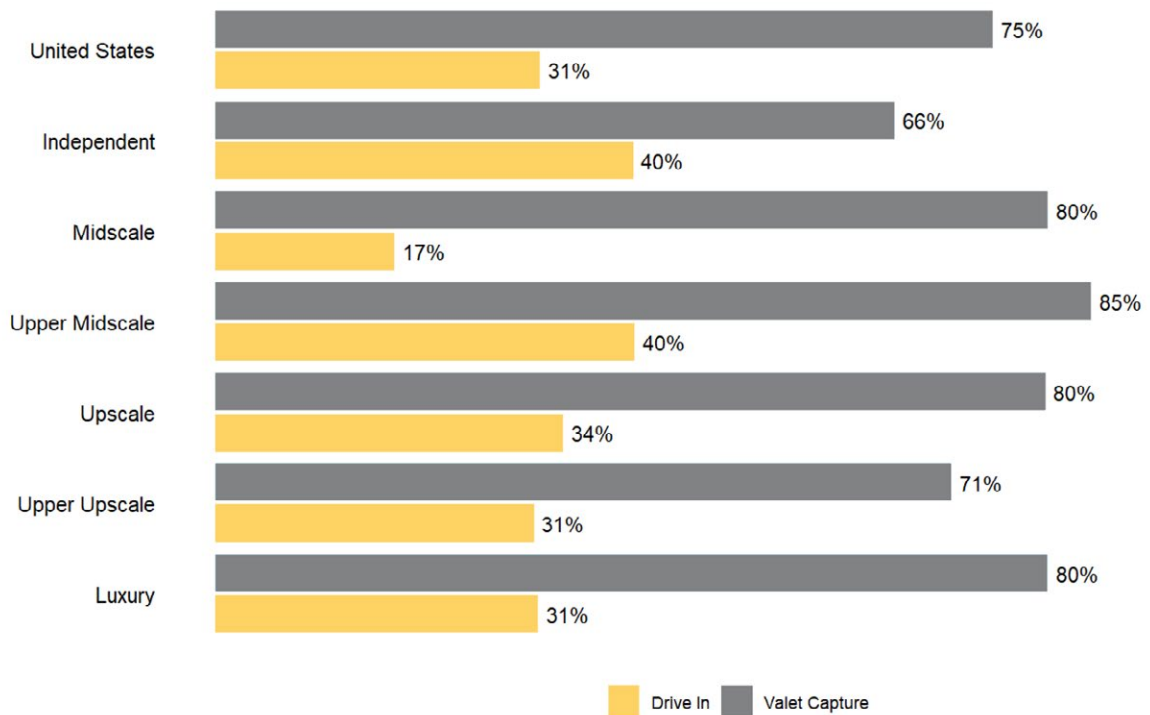
Today's parking management solutions include new technologies to support both self-parking and valet. While valet is a high-touch service, the efficiency of technologies such as text-to-retrieve can enhance the experience. With self-parking, both high-touch and low-touch options are available with gateless, digital solutions. With no capital investment requirement and easy implementation, these options are a growing trend.

PARKING WILL PLAY A ROLE IN ENHANCING GUEST EXPERIENCE CONTINUED

U.S. Hotels Charging for Parking by Type



Towne Park Hotels Drive-in vs. Valet



The Role of Parking in Guest Experience

The role of parking extends to the guest’s perception of their entire experience at a hotel. Service-oriented valet and parking operations align with how a hotel may think about the overall guest experience and contribute to positive guest satisfaction that in many cases is reflected in reviews and ratings. The arrival and departure experiences are a direct reflection of the hotel brand and reinforce the reputation of the hotel.

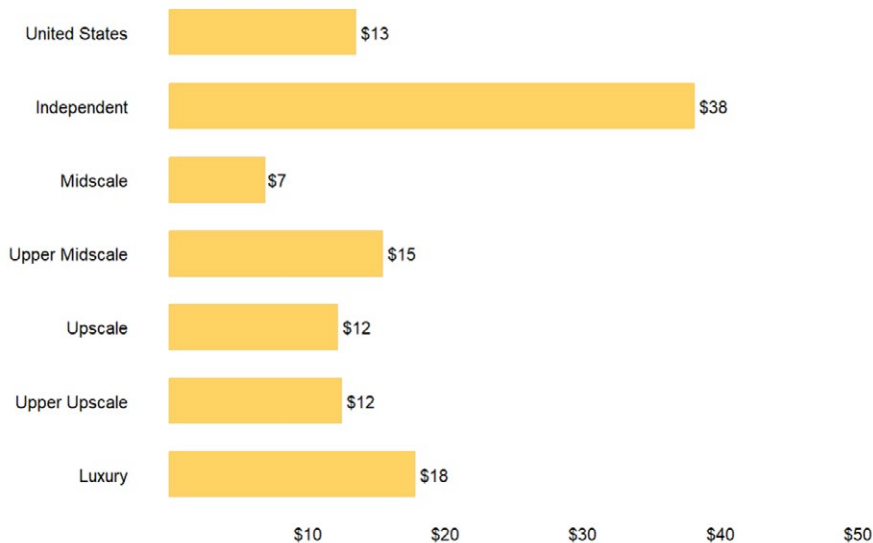
To ensure customer satisfaction, hotels that implement paid parking must maintain clear communication and deliver consistent service excellence with customized parking solutions.

Parking as a Key Revenue Driver

Just like hotels have a strategic approach to room pricing and inventory management, a proactive approach to parking asset management can significantly contribute to accelerating revenue per occupied room (RevPOR), turning parking facilities into a dynamic revenue driver and an important part of a hotel’s revenue mix.

Deliberate and strategic pricing strategies can impact these results and ensure effective service delivery. Towne Park data shows significant RevPOR impact with formal parking management programs across most hotel segments, with independent hotels recording the highest RevPOR (\$38), followed by luxury (\$18) and upper midscale (\$15).

RevPOR by Chain Scale



Source: Towne Park

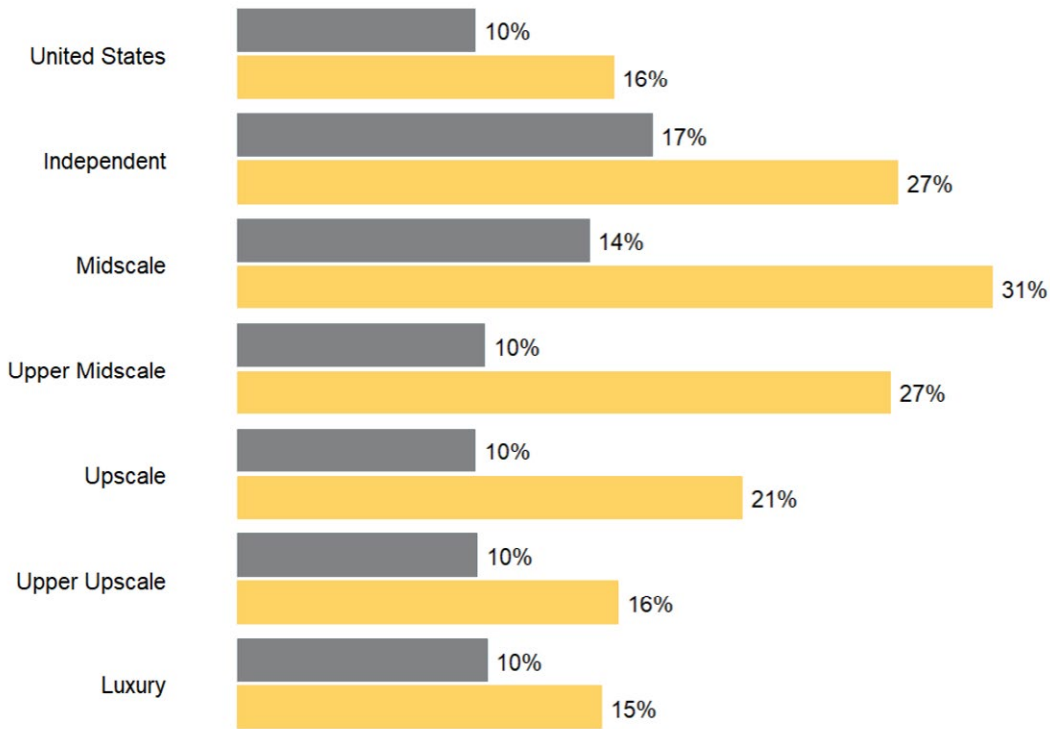
Revenue per available space (RevPAS) can be used to measure how effectively a property is leveraging its parking asset to drive revenue.²¹ Optimizing RevPAS should be the goal of all parking facility owners in the same way optimizing revenue per available room (RevPAR) is related to hotel rooms.

Revenue Generation Strategies

Similar to some of the strategies hotels utilize to optimize selling rooms, these strategies can be leveraged to optimize valuable parking assets.

- ▶ **Rate optimization:** Analyzing historical data, market trends, and competitor pricing to determine the optimal rate for parking.
- ▶ **Dynamic pricing:** Adjusting parking rates in real-time based on demand, seasonality, and local events.
- ▶ **Segmentation:** Different pricing tiers based on the length of stay, time of day, and type of vehicle.
- ▶ **Aggregators:** As for rooms, technology can be used to optimize multiple aggregators to maximize parking utilization and revenue.

Average Daily Rate (ADR) Contribution by Chain Scale and Parking Type



Source: Towne Park and Hotel Compete

Full Service w/ Valet Self Only

Technology Trends in Hotel Parking

Technology creates a better guest experience by providing a blend of personalization, efficiency, and convenience that was previously unattainable. Adopting parking technology allows hotels to update antiquated solutions and move away from an “honor system” to provide improved guest experiences.

Technology solutions are increasingly creating seamless experiences for both valet and self-parking operations and greatly improving parking revenue capture:

- ▶ **License plate recognition:** Automatically reads and recognizes license plates, allowing for ticketless parking, streamlined enforcement, and easy tracking.
- ▶ **Wait-time monitors:** Provides real-time data on expected wait duration.
- ▶ **Text-to-retrieve:** A simple text alerts a valet to retrieve the guest’s vehicle.
- ▶ **Integrated payment methods:** Modern valet and self-parking solutions integrate with various payment systems, offering contactless payment options and integration with customer relationship management, property management systems, or billing software for easy payment.
- ▶ **Self-parking gateless solutions:** Provide convenient and seamless experiences while reducing operational costs. Many hotels are starting to take advantage of these new solutions, and 54% opt for gateless technology with digital mobile-friendly solutions.

Finding the balance of technology-enabled solutions with a personalized, high-touch, service-oriented approach will continue to drive the most substantial revenue results.